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63 (FY)SEM-2/MAJ2/ECOMAJ1024

2025

ECONOMICS

(MAJOR)

Paper : ECOMAJ1024

(Intermediate Microeconomics-I)

Full Marks : 70

Pass Marks : 28

Time : Three hours

The figures in the margin indicate full marks for the questions.

1. Choose the correct answer : $1 \times 6 = 6$

(i) The satisfaction that a person receives from consuming a good or service is called

(a) total satisfaction

(b) marginal benefit

(c) utility

(d) usefulness

- (ii) Salary paid to permanent employees is an example of what cost?
- Implicit cost
 - Variable cost
 - Fixed cost
 - Explicit cost
- (iii) _____ is defined as the locus of points of tangency between the iso cost lines and the isoquants, when total outlay increases but factor prices remain constant.
- Expansion path
 - Ridge line
 - Isocost line
 - Price line
- (iv) Break-even point is a situation when a firm is in
- profit
 - loss
 - profit or loss
 - no profit no loss
- (v) The shutdown point for a perfectly competitive firm in the short run is
- the point where marginal cost equals average total cost
 - the point where price is less than the minimum average variable cost

- the point where price is equal to the minimum average total cost
 - the point where price equals average variable cost
- (vi) In first degree price discrimination, consumer surplus becomes
- zero
 - one
 - less than zero
 - greater than one

2. Answer the following questions : **(any five)**

$$2 \times 5 = 10$$

- Distinguish between TC (total cost) and AC (average cost).
- What is third degree price discrimination?
- Mention the conditions for a firm's equilibrium in perfect competition?
- Define variable cost. Give *two* examples.

$$1 + 1 = 2$$

- What is a budget line?
- Distinguish between returns to scale and returns to a factor.
- What is production possibility curve?

3. Answer the following questions : **(any six)**

$$5 \times 6 = 30$$

- Briefly discuss the features of perfect competition.

- (ii) Explain AFC (average fixed cost) and AFC curve.
- (iii) Discuss when price discrimination is possible.
- (iv) Explain the long-run average cost curve (LAC curve).
- (v) What is constant returns to scale? Explain it using isoquants. $1+4=5$
- (vi) Briefly explain the law of variable proportions.
- (vii) Explain the revealed preference theory.
- (viii) Explain the short-run monopoly equilibrium.
- (ix) What is signalling? Give an example. Why is signalling important? $1+1+3=5$

4. Answer the following questions : **(any two)**
 $12 \times 2 = 24$

- (i) Discuss the economies and diseconomies of scale.
- (ii) Explain the short-run and long-run equilibrium of firm and industry under identical cost conditions in perfect competition.
- (iii) Write the least cost combination of factors.
- (iv) Explain Slutsky's approach to substitution effect.